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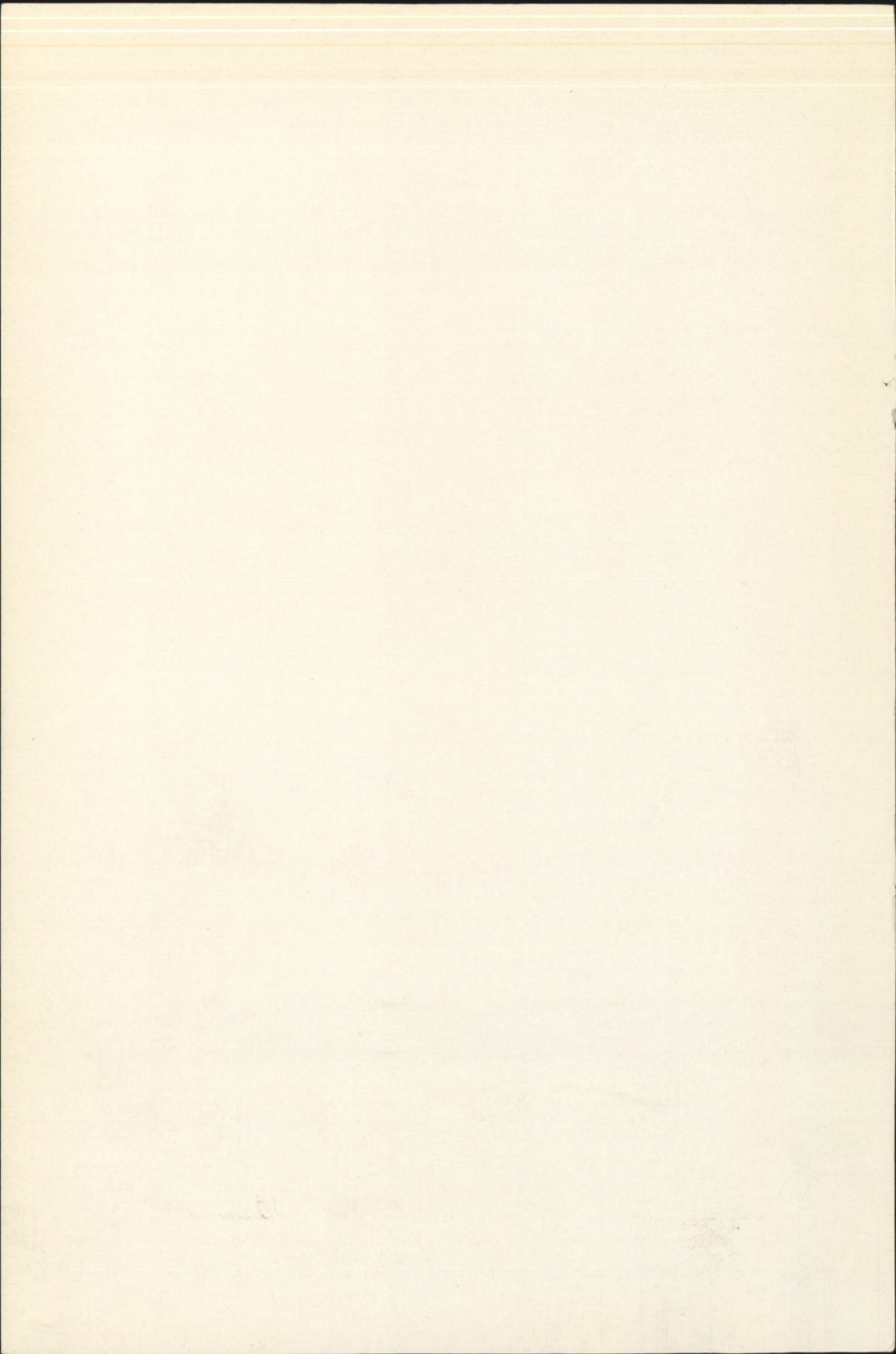
BALDWIN-LIMA-HAMILTON

C O R P O R A T I O N



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Annual Report
1951



41st
Annual Report

**BALDWIN-LIMA-HAMILTON
CORPORATION**

PHILADELPHIA 42, PA.



EDDYSTONE DIVISION

LIMA-HAMILTON DIVISION

STANDARD STEEL WORKS DIVISION

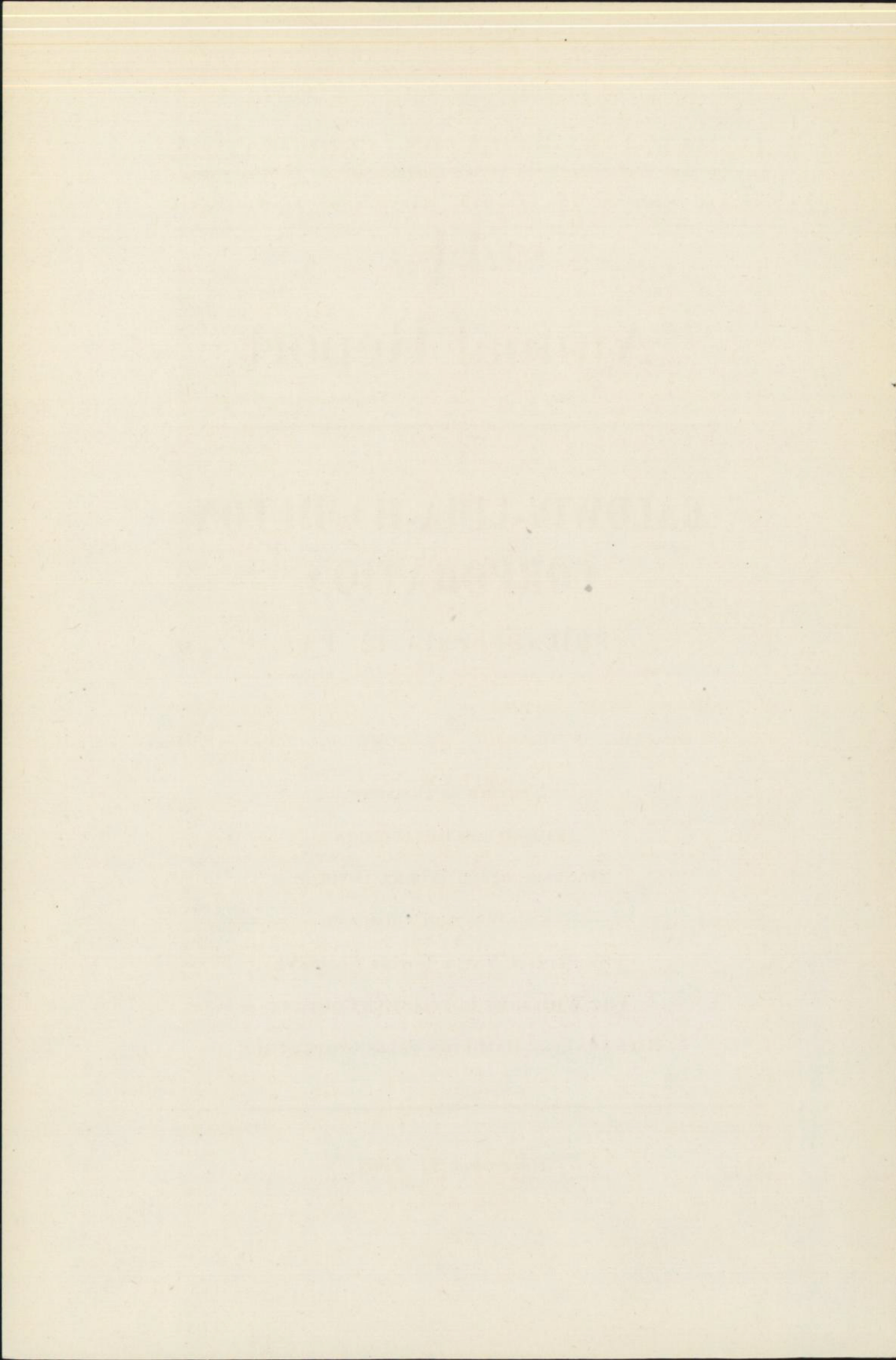
AUSTIN-WESTERN COMPANY

THE PELTON WATER WHEEL COMPANY

THE WHITCOMB LOCOMOTIVE COMPANY

BALDWIN-LIMA-HAMILTON SALES CORPORATION

December 31, 1951



BALDWIN-LIMA-HAMILTON CORPORATION

Incorporated under the Laws of the Commonwealth of Pennsylvania

GENERAL OFFICES AT BALDWIN, EDDYSTONE, PENNSYLVANIA

DIRECTORS

CHARLES E. BRINLEY	Chestnut Hill, Pa.
HENRY B. BRYANS	Norristown, Pa.
A. A. BYERLEIN	Detroit, Mich.
H. E. COOMBE	Cincinnati, Ohio
JOSEPH N. EWING	Valley Forge, Pa.
GEORGE U. HARRIS	Tuxedo Park, N. Y.
EDWARD HOPKINSON, JR.	Chestnut Hill, Pa.
MCCLURE KELLEY	Aurora, Ill.
WM. CLARKE MASON	Chestnut Hill, Pa.
L. E. OSBORNE	Pittsburgh, Pa.
FREDERIC A. POTTS	Whitemarsh, Pa.
JEROME PRESTON	Boston, Mass.
GWILYM A. PRICE	Pittsburgh, Pa.
WILLIAM WOOD PRINCE	Chicago, Ill.
GEORGE A. RENTSCHLER	Cincinnati, Ohio
WALTER A. RENTSCHLER	Hamilton, Ohio
A. W. ROBERTSON	Pittsburgh, Pa.
JOHN J. ROWE	Cincinnati, Ohio
ROBERT C. SHIELDS	Detroit, Mich.
JAMES M. SKINNER	Philadelphia, Pa.
MARVIN W. SMITH	Overbrook, Pa.
RALPH K. STILES	Aurora, Ill.
HAROLD E. TALBOTT	New York, N. Y.

EXECUTIVE COMMITTEE

EDWARD HOPKINSON, JR., Chairman
JOSEPH N. EWING
MCCLURE KELLEY
GWILYM A. PRICE

WILLIAM WOOD PRINCE
GEORGE A. RENTSCHLER
JOHN J. ROWE
MARVIN W. SMITH

OFFICERS

GEORGE A. RENTSCHLER	Chairman of the Board
MARVIN W. SMITH	President
CHARLES E. ACKER	Vice-President—Corporate and Financial and Secretary
H. F. BARNHART	Vice-President—Lima-Hamilton Division
A. A. BYERLEIN	Vice-President—Lima-Hamilton Division
RAYMOND B. CREAN	Vice-President in Charge of Apparatus Sales— Eddystone Division
ROBERT F. DOOLITTLE	Vice-President—Legal
JOHN S. NEWTON	Vice-President in Charge of Engineering— Eddystone Division
WALTER A. RENTSCHLER	Vice-President in Charge of Lima-Hamilton Division
JOHN D. TYSON	Vice-President in Charge of Standard Steel Works Division
R. NEVIN WATT	Vice-President in Charge of District Office Sales
JAMES R. WEAVER	Vice-President in Charge of Manufacturing— Eddystone Division
C. T. ZIEGLER	Vice-President—Lima-Hamilton Division
CHARLES A. CAMPBELL	Assistant Vice-President—Export Sales
HOWARD D. HUMPHREYS	Treasurer and Assistant Secretary
W. RAYMOND PARSHALL	General Controller

GENERAL COUNSEL

MORGAN, LEWIS & BOCKIUS
Philadelphia

TRANSFER AGENTS

Common Stock, \$13 Par Value

IN PHILADELPHIA:

**Fidelity-Philadelphia Trust Company
Broad and Walnut Streets**

IN NEW YORK:

Bankers Trust Company, 16 Wall Street

IN CINCINNATI:

**The Fifth Third Union Trust Company
Fourth and Walnut Streets**

REGISTRARS

Common Stock, \$13 Par Value

IN PHILADELPHIA:

**The Pennsylvania Company for Banking and Trusts
15th and Chestnut Streets**

IN NEW YORK:

**Guaranty Trust Company of New York
140 Broadway**

IN CINCINNATI:

**The Central Trust Company
Fourth and Vine Streets**

To The Shareholders:

To a large degree the year 1951 was a period of assimilation, integration and expansion of productive facilities and other activities.

Since the Agreement and Plan of Reorganization between The Baldwin Locomotive Works and Lima-Hamilton Corporation was consummated near the end of 1950, much progress has been made in coordinating and integrating these operations. For example, all of the locomotive operations are being concentrated at the Eddystone, Pennsylvania, plant. The Lima plant shipped its last locomotive in August and the shovel and crane operations there are being expanded to occupy most of the space and facilities thus made available. The smaller industrial and mining locomotives at the Whitcomb plant, located at Rochelle, Illinois, are also being transferred to Eddystone and this move will be completed during the first half of the year.

Through the acquisition on March 8, 1951, of the Austin-Western Company, of Aurora, Illinois, the Company took another step toward the diversification and broadening of its activities. 486,312 shares of common stock of Baldwin-Lima-Hamilton Corporation were exchanged for all of the outstanding stock of Austin-Western Company to consummate this transaction. This company is one of the outstanding manufacturers of road building machines such as power graders, rollers, crushers, sweepers and hydraulic cranes. Large quantities of power graders and hydraulic cranes are on order for domestic use and for the armed services.

One of the reasons for moving the Whitcomb operations to Eddystone is to make the plant at Rochelle, which is located near Aurora, available for expansion of Austin-Western operations. The dump car business in which Austin-Western is engaged is being transferred to Eddystone as another means of

providing relief for expansion at Aurora and at the same time utilizing available space at Eddystone.

The addition of the Austin-Western line of road building equipment, together with the large crane and shovel operations at Lima, gives us a real stake in the earth-moving machinery business and broadens the scope of our operations materially. It will be the general plan and policy of the management to encourage and support expansion in this growing industry.

Emphasis on cost reduction has increased due in part to constantly mounting costs of both labor and material and also to the fact that prices of some major lines of products are still held down to relatively low levels either by competition or through price controls thus reducing profit margins. These problems are being actively approached from the standpoint of product design and construction as well as through cost control programs. To assist in the analysis and development of more effective methods and procedures with respect to production planning and scheduling and in connection with inventory and cost control, the services of Robert Heller and Associates Inc., an engineering organization of national reputation, were engaged last November. Members of this organization working with task forces composed of members of our own organization are making good progress in evaluating opportunities to reduce costs and investment in inventory and in securing effective action thereon.

OPERATION AND PRODUCTION

The new line of diesel electric locomotives for domestic service announced last year has been well received and orders for this equipment were obtained in substantial volume throughout 1951. Diesel locomotive production is now being maintained at levels consistent with government restrictions pertaining to procurement and use of materials but these restrictions as tentatively projected for the third quarter of 1952 may limit production of locomotives considerably below the Company's present level of operation.

Diesel electric locomotives for export are being standardized and are now offered in the various sizes usually required for foreign railway service. Purchase of this type of motive power by foreign railways is increasing and it is believed that future demand abroad for steam locomotives will be largely limited to countries deficient in oil but having adequate supplies of coal. The Company has orders for a small number of steam locomotives for delivery to Australia and Ecuador, but due to lack of a sustained demand of satisfactory volume it is likely that our future production in this field will be limited to spare parts.

At the Eddystone Division, additional orders for the rearmament program have been obtained and no effort is being spared to reach required levels of production. Among these products are hulls and turrets for the M-47 tank, catapults, turbine assemblies for jet engines and recoil mechanisms.

Sales of testing equipment in 1951 were the highest ever experienced in the history of the Company. The continued spread in the use of strain gages and devices in which they are used is exemplified by the receipt of orders for thrust stands for the aviation industry, control units for the pipe line industry, and weighing units for the steel industry. Many other interesting applications were negotiated in the chemical and oil industries and with the Government.

Hydraulic press and power tool business continued at a high level. The most significant order during the year was obtained from the U. S. Air Force for construction of a 25,000-ton press to be used in the manufacture of airplane wings. This will be the largest press of its kind ever built by the Company and delivery will not be made until some time in 1953.

The demand for hydraulic turbines continued at a high level and the company occupies an excellent position in this field. Orders for many new units were received in 1951, one of special interest being an adjustable-blade type turbine for installation in the Cabinet Gorge plant of the Washington Water Power Company on the Clark Fork River in Idaho. This turbine, which

will develop 80,000 h.p., will be the highest head operation of its type ever undertaken in this country. The success of the unit will open new opportunities in the development of water power facilities and should operate favorably in your Company's interest.

Lima-Hamilton Division closed the year with a large backlog of orders for its products as the demand for earth-moving equipment and for medium and large machine tools, both for the defense program and civilian use, continued strong throughout 1951. The Lima plant increased its production of power shovels and in 1951 shipments were nearly 50% greater than in 1950. A rubber tired shovel unit has been developed and, after satisfactory tests, has been added to the Company's line. As the result of a development contract taken some time ago, the Lima plant has received an order for the production of a small quantity of amphibious vehicles and is at the present time negotiating for additional requirements of the defense program for this type of equipment. It will also fabricate and machine tank hulls in the shop formerly used for assembling locomotives. Because of the flexibility of this Division's machine tool operation and the variety of lines covered, it was able to move promptly into the requirements of the defense program.

At the Hamilton plant, orders on hand for large mechanical stamping presses, which are made exclusively for the automotive industry, have declined because of the cut-back in automobile production, but the increased volume of machine tool orders has more than offset this reduction. Purchases of large diesel engines for stationary power plants, both private and municipal, have increased considerably and it is expected that the Hamilton plant will continue to receive a satisfactory proportion of this business. Development at this plant of the Company's line of can-making machinery has been continued and latest improvements in this equipment have received favorable comment from the industry at recent exhibitions. Although current orders have been curtailed somewhat by the defense program, it is believed

that there will be a substantial market for the Company's complete line of can-making machinery for years to come.

Bookings of new orders as well as product shipments of Standard Steel Works Division during 1951 were the highest in its history. Approximately 14% of these shipments were made directly to Government agencies or prime contractors in the defense effort. Orders received from the general industrial field in 1951 amounted to about 53% of the total for this Division, as compared with only 25% for the year 1947, indicating the extent to which diversification of its product has progressed.

The Pelton Water Wheel Company in San Francisco, a wholly owned subsidiary, received orders during the year for 25 hydraulic turbines representing 390,000 h.p. Among the new orders is a 150,000 h.p. 2,500 ft. head, vertical multi-nozzle impulse turbine for the Kitimat project of the Aluminum Company of Canada, which turbine will be the largest of this type ever constructed. Shipments in 1951 included nine hydraulic turbines aggregating 151,000 h.p. Continued progress has been made in the manufacture and sale of hydraulic pumping units, a new product developed in the last few years by Pelton for long-stroke pumping in the oil fields.

The backlog of orders with which the Company enters the year 1952 and the prospects for a continued satisfactory volume of sales of its products point to a high level of productive operations throughout the year. However, it will be appreciated that earnings are necessarily dependent upon many factors including availability of material, ability to recover increased costs under price stabilization regulations, renegotiation of defense contracts and higher taxes on income.

INDUSTRIAL RELATIONS AND PERSONNEL

The relationship between management and employees has been maintained on a generally satisfactory basis throughout the year. With one exception, there were no interruptions to regu-

larly scheduled production. A new contract, of three years duration, was signed during the year with the Union representing hourly rated personnel of the Lima plant. Negotiations are now in progress with the Unions representing a majority of the hourly rated employees of the Eddystone and Standard Steel Works Divisions, whose contracts expire early in 1952.

The agreement with the Union representing hourly rated employees of Austin-Western Company expired on July 1, 1951. The Company found it impossible to accept the initial demands of the Union incident to the renewal of this agreement and despite every effort to find a mutually satisfactory basis of settlement, a work stoppage of eleven weeks occurred before a new contract of one year duration was signed.

On March 29, 1951, Mr. McClure Kelley and Mr. Ralph K. Stiles were elected members of the Board of Directors. Mr. Kelley is President and Mr. Stiles is Executive Vice-President of Austin-Western Company.

Mr. John J. Rowe was elected a member of the Executive Committee on May 24, 1951.

On December 27, 1951, Mr. Charles E. Brinley resigned as a member of the Executive Committee and Mr. McClure Kelley was elected to fill the vacancy thus created. Mr. Brinley is continuing as a member of the Board of Directors.

* * * * *

The total number of employees of the consolidated company on December 31, 1951, was 19,510, as compared with 14,032 on January 1, 1951.

Total compensation paid to all employees in 1951 was \$68,465,120.

PLANT AND EQUIPMENT

Capitalized expenditures for plant and equipment in 1951 were \$3,543,612 and the provision for depreciation and amortization amounted to \$2,001,858. Almost half of the expenditure

for capital improvements was made at the plant of the newly-acquired Austin-Western Company as a result of an expansion program designed to accommodate that Company's increased volume of business.

Attention to maintenance has been given in all departments of the consolidated company to insure that all properties and equipment now in use are in good condition.

EARNINGS AND FINANCE

In considering the figures set forth in this section it should be kept in mind that Lima-Hamilton Division is included since November 30, 1950, and Austin-Western Company since March 8, 1951. Consequently, (1) figures for the year 1950 include Lima-Hamilton Division for the month of December only and do not include Austin-Western Company; (2) figures for the year 1951 include Lima-Hamilton Division for the entire year and Austin-Western Company for the period from March 8, 1951, to December 31, 1951; (3) figures as of January 1, 1951, include Lima-Hamilton Division, but do not include Austin-Western Company; and (4) figures as of December 31, 1951, include Lima-Hamilton Division and Austin-Western Company.

Orders received during the year 1951 amounted to \$340,436,980 as compared with \$130,183,268 for the year 1950.

Unfilled orders for the consolidated company at December 31, 1951, amounted to \$288,387,843, as compared with \$121,394,299 at January 1, 1951.

Total net sales (billings) for the year 1951 were \$197,690,658 as compared with sales of \$94,386,752 for 1950. About 45% of net sales for 1951 were of locomotives and locomotive parts, substantially all of the locomotive sales being of the diesel type.

Profit for 1951 before taxes on income amounted to \$11,085,196, as compared with \$6,546,930 for the year 1950.

The net profit transferred to surplus for the year amounted to \$4,585,196, compared to \$4,471,930 transferred to surplus for

1950 which included a special credit of \$800,000 representing an unrequired provision for taxes on income of prior years. The net profit of \$4,585,196 is equivalent to 96¢ per share on the 4,782,295 shares of common stock outstanding on December 31, 1951. The net profit for 1950 of \$3,671,930 and the special credit of \$800,000, a total of \$4,471,930, were equivalent to \$1.01 per share on the 4,274,002 shares of common stock outstanding on December 31, 1950, after deducting preferred stock dividends of \$163,029 paid in that year.

The consolidated results of the operations of Baldwin and its wholly-owned subsidiaries for the years 1951 and 1950 are summarized as follows:

	1951	1950
Sales	\$197,690,658	\$94,386,752
Profit before non-recurring profit on sale of securities, provision for income and other taxes, de- preciation and amortization and interest expense	15,747,757	8,655,623
Non-recurring profit on sale of se- curities	204,203	504,647
Taxes on income and other taxes ..	9,005,208	4,152,407
Depreciation and amortization	2,001,858	1,326,452
Interest expense	359,698	9,481
Net profit for the year	4,585,196	3,671,930
Unrequired provision for taxes on income of prior years	—	800,000
Amount transferred to surplus	4,585,196	4,471,930

Net current assets at December 31, 1951, amounted to \$69,099,092, compared to \$60,168,264 at the beginning of the year. The increase was principally attributable to the net current assets of Austin-Western Company at the date of acquisition, viz. March 8, 1951, and to a five year term bank loan of \$5,000,000 which was negotiated during the year, \$4,000,000 of which is payable after 1952 and is therefore not included in current liabilities.

Consolidated inventories at December 31, 1951, amounted to \$88,630,151 compared with \$52,554,104 at January 1, 1951. A large part of the year end inventory was represented by work in process on customers' orders. Inventories have been checked by count or weight wherever possible and in other cases by physical inspection and estimate. In the opinion of the Company's officers, inventories are conservatively valued as of December 31, 1951, through provision of reserves considered adequate for obsolescence or other deficiency.

Four cash dividends on the Company's Common Stock, each of 15¢ per share, were declared during the year and were paid on April 30, July 31 and October 31, 1951, and January 31, 1952. The total amount of cash dividends declared and charged to surplus during the year on the Common Shares was \$2,869,155.

Provision for taxes amounted to \$9,005,208, including social security taxes of \$1,345,049 and taxes on income of \$6,500,000. Provision for all taxes (\$9,005,208) was equal to \$1.88 per share of the Company's common stock and the provision for taxes on income (\$6,500,000) was equal to \$1.36 per share. This is strikingly illustrative of the impact of the present heavy burden of taxation on corporate enterprise and the consequent increased difficulty of earning a fair return for shareholders.

There are submitted herewith:

Consolidated Balance Sheet of Baldwin-Lima-Hamilton Corporation and Wholly Owned Subsidiaries, December 31, 1951 and 1950.

Consolidated Statement of Profit and Loss and Surplus for Years ended December 31, 1951 and 1950.

Report of Auditors.

This report is submitted on behalf of the Board of Directors.

MARVIN W. SMITH
President

GEORGE A. RENTSCHLER
Chairman of the Board

March 10, 1952

BALDWIN-LIMA-HAMILTON CORPORATION

Consolidated Balance Sheet,

ASSETS		
(What the Companies Own)		
	1951	1950
Cash	\$ 7,650,566	\$ 5,828,409
United States Government securities (at cost which approximates market)	—	3,056,386
Notes and accounts receivable (less reserve, 1951—\$225,465; 1950—\$202,145)	29,252,545	20,087,658
Inventories of raw materials, supplies, work in process and finished products (less reserve, 1951—\$1,966,879; 1950—\$1,917,996)	88,630,151	52,554,104
<i>Total Current Assets</i>	<u>\$125,533,262</u>	<u>\$ 81,526,557</u>
Receivables not due within one year	1,812,190	2,717,744
Renegotiation rebates receivable arising from addi- tional amortization of war emergency facilities	122,635	301,160
Investments (less reserve—1951—\$12,499; 1950— \$26,135)	460,144	366,888
Property, plant and equipment (less reduction for wear of facilities—depreciation and amortiza- tion—1951—\$56,075,774; 1950—\$52,760,267)	38,724,655	35,161,934
Insurance premiums and other expenses paid but applicable to future years	338,660	248,756
	<u>\$166,991,546</u>	<u>\$120,323,039</u>

See notes to financial statements

AND WHOLLY OWNED SUBSIDIARIES

December 31, 1951 and 1950

LIABILITIES

(What the Companies Owe)

	1951	1950
Bank loans payable.....	\$ 20,000,000	—
Accounts payable	17,863,007	\$ 10,672,606
Dividend declared on common stock.....	717,344	641,100
Advances received on sales orders.....	4,841,775	2,594,599
Taxes on income.....	8,803,852	4,608,243
Other taxes, wages, salaries, commissions, etc.....	4,208,192	2,841,745
<i>Total Current Liabilities</i>	<u>\$ 56,434,170</u>	<u>\$ 21,358,293</u>
Bank loans payable not due within one year.....	\$ 4,000,000	—
Provision for probable future expenditures or losses:		
Operating reserves	\$ 1,068,748	\$ 1,266,022
General reserve	417,775	417,775
	<u>\$ 1,486,523</u>	<u>\$ 1,683,797</u>
STOCKHOLDERS' OWNERSHIP:		
Common stock, \$13 par:		
Authorized, 5,000,000 shares		
Issued and outstanding,		
1951—4,782,295 shares	\$ 62,169,835	
1950—4,274,002 shares		\$ 55,562,026
Surplus per annexed statement:		
Capital in excess of par value of capital stock	26,583,306	26,369,059
Earnings retained in the business.....	16,317,712	15,349,864
<i>Total Stockholders' Equity</i>	<u>\$105,070,853</u>	<u>\$ 97,280,949</u>
	<u>\$166,991,546</u>	<u>\$120,323,039</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

(1) On March 8, 1951, the Company acquired all of the outstanding common stock of Austin-Western Company in exchange for 486,312 shares of common stock of the Company. The consolidated statement of profit and loss for 1951 includes the operations of Austin-Western Company for the period subsequent to the date of acquisition.

(2) As of November 30, 1950, the Company acquired all of the assets subject to the liabilities of Lima-Hamilton Corporation, except cash and accounts receivable aggregating \$1,101,840 which were retained by Lima-Hamilton Corporation to meet the claims of those of its stockholders who dissented from the sale of its assets, and to pay its expenses incident to the consummation of the transaction. Any portion of the aforementioned amount not required for such purposes will revert to the Company. During 1951, 21,981 shares held by stockholders who had previously dissented to the above mentioned sale were surrendered for exchange for shares of Baldwin-Lima-Hamilton Corporation and \$500,000 was released to the Company under the aforementioned conditions. At December 31, 1951, certificates for 19,040 shares of common stock of Lima-Hamilton Corporation were held by persons who dissented to the sale and the balance in the above described fund was \$537,085. This amount is adequate for payment of the "fair cash value" of the shares as determined by court-appointed appraisers in accordance with the procedure prescribed by law for such determinations and remaining expenses incident to the consummation of the transaction. The determination of the appraisers was confirmed by the Court upon review, but the period within which an appeal can be taken has not expired.

(3) Inventories are priced at cost or less, but not in excess of estimated realizable value, cost being determined under recognized methods appropriate in the particular circumstances. A large part of the inventory at December 31, 1951, was covered by sales orders at prices in excess of inventory value.

(4) The Federal income tax returns of the Company and its consolidated subsidiaries, have been examined through 1946 and the returns of certain of such subsidiaries for years subsequent to 1946. The returns of Companies whose liabilities were assumed as a result of the acquisition of the assets and business of Lima-Hamilton Corporation have been examined through 1949. The provision for taxes on income which is included in current liabilities is believed to be adequate to cover all liability for taxes on income.

Applications for excess profits tax relief under either Section 721 or Section 722 of the Internal Revenue Code have been filed by the Company, The Whitcomb Locomotive Company and Lima-Hamilton Corporation. The amounts, if any, which may be recovered under these claims cannot be determined at this time and no effect has been given thereto in the consolidated balance sheet.

(5) Non-contributory Pension Plans are in effect covering substantially all of the hourly rated employees of the Company and its wholly owned subsidiaries. These plans follow a substantially similar pattern, in general providing pensions of \$100 per month, less social security benefits, upon normal retirement, after 25 years of service with proportionately smaller pensions for shorter service. Except for the plans of Lima-Hamilton Division

and Austin-Western Company which provide for funding of current cost and funding of the past service cost over periods of 30 and 37½ years respectively, these plans are at present being financed on a pay-as-you-go basis.

Salaried employees of the Lima-Hamilton Division and Austin-Western Company are covered by contributory Pension Plans which contain funding provisions and substantially all of the other salaried employees of the Company and its wholly owned subsidiaries are covered by non-contributory pension plans, which are at present being financed on a pay-as-you-go basis.

The Pension Plans for hourly rated employees were negotiated with the Unions which represent the respective groups of employees and are subject to the collective bargaining process. In each case they include provisions permitting the Company to continue the Plans without change for a period of years, none of which periods expires before 1955. The Pension Plans for salaried employees are terminable at the option of the Company.

The lump sum amount which would be required to be paid on account of the unfunded past service cost of these Pension Plans as of December 31, 1951, has been estimated to be approximately \$12,900,000. Based upon employment and payrolls at December 31, 1951, levels, upon certain assumptions as to retirement and other factors, and based also upon the funding of the past service cost on a 30 year basis (except for Austin-Western Company for which the funding period is 37½ years), the total annual cost of meeting pensions under these plans is estimated at approximately \$1,390,000 of which approximately \$775,000 represents current cost, and \$615,000 represents past service cost. These amounts are furnished as information only as the Company is presently meeting the cost of pensions on a pay-as-you-go basis at other than its Lima-Hamilton Division and Austin-Western Company.

(6) Sales for 1951 include substantial amounts relating to orders which are subject to renegotiation under the Renegotiation Act of 1951, but it is the opinion of the management that renegotiation will have no material effect on the financial statements included in this report.

(7) Incentive compensation for officers and other key employees, 182 in all, has been provided in the amount of \$301,605 for the year 1951, not including such payments made by Austin-Western Company of which \$18,000 is attributable to the period of consolidation.

(8) The suit against the Company by certain stockholders of The Baldwin Locomotive Works who sought to enjoin the Company from carrying out the Agreement and Plan of Reorganization between the Company and Lima-Hamilton Corporation, which was referred to in Note 7 to the financial statements included in the annual report to shareholders for the year 1950, was settled, discontinued and ended of record on April 26, 1951.

BALDWIN-LIMA-HAMILTON CORPORATION AND WHOLLY OWNED SUBSIDIARIES

Consolidated Statement of Profit and Loss and Surplus For the Years Ended December 31, 1951 and 1950

PROFIT AND LOSS:	1951	1950
Sales	\$197,690,658	\$94,386,752
Less:		
Cost of sales, including selling, administrative and general expenses.....	\$184,995,001	\$87,643,959
Provision for depreciation and amortization..	2,001,858	1,326,452
	<u>\$186,996,859</u>	<u>\$88,970,411</u>
Operating profit	\$ 10,693,799	\$ 5,416,341
Dividends received	17,079	64,038
Interest and discount income.....	450,246	325,876
Non-recurring profit on sale of securities.....	204,203	504,647
Miscellaneous income	212,199	262,249
	<u>\$ 11,577,526</u>	<u>\$ 6,573,151</u>
Deduct:		
Interest expense	\$ 359,698	\$ 9,481
Miscellaneous expenses	132,632	16,740
	<u>\$ 492,330</u>	<u>\$ 26,221</u>
Profit before taxes on income.....	\$ 11,085,196	\$ 6,546,930
Provision for taxes on income.....	6,500,000	2,875,000
Net profit for the year.....	<u>\$ 4,585,196</u>	<u>\$ 3,671,930</u>
Add: Unrequired provision for taxes on income of prior years.....	—	800,000
Amount transferred to surplus.....	<u>\$ 4,585,196</u>	<u>\$ 4,471,930</u>
 EARNINGS RETAINED IN THE BUSINESS:		
Balance January 1.....	15,349,864	15,931,233
	<u>\$ 19,935,060</u>	<u>\$20,403,163</u>
Less:		
Cash dividends declared:		
On preferred stock.....	—	\$ 163,029
On common stock.....	\$ 2,869,155	1,709,985
	<u>\$ 2,869,155</u>	<u>\$ 1,873,014</u>
Excess of par value of common stock issued in acquisition of Austin-Western Company over net assets acquired.....	748,193	—
Dividend in shares of Baldwin Securities Cor- poration	—	2,403,955
Premium on preferred stock redeemed.....	—	776,330
	<u>\$ 3,617,348</u>	<u>\$ 5,053,299</u>
Balance, December 31.....	<u>\$ 16,317,712</u>	<u>\$15,349,864</u>
 CAPITAL IN EXCESS OF PAR VALUE OF CAPITAL STOCK:		
Balance January 1.....	\$ 26,369,059	\$19,479,738
Excess of net assets acquired from Lima- Hamilton Corporation over par value of com- mon stock issued in exchange therefor.....	214,247	6,889,321
Balance December 31.....	<u>\$ 26,583,306</u>	<u>\$26,369,059</u>
Total Surplus, December 31.....	<u>\$ 42,901,018</u>	<u>\$41,718,923</u>

See notes to financial statements

REPORT OF AUDITORS

To The Shareholders:

BALDWIN-LIMA-HAMILTON CORPORATION

We have examined the consolidated balance sheet of Baldwin-Lima-Hamilton Corporation and its wholly owned subsidiaries as of December 31, 1951, and the related consolidated statement of profit and loss and surplus for the year then ended. It was not practicable to obtain confirmation of amounts due from the United States Government and we satisfied ourselves as to such amounts by other auditing procedures. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet as of December 31, 1951, and the related consolidated statement of profit and loss and surplus for the year then ended present fairly the consolidated financial position of Baldwin-Lima-Hamilton Corporation and its wholly owned subsidiaries at that date, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY

PHILADELPHIA, PENNA.

FEBRUARY 28, 1952.

BALDWIN-LIMA-HAMILTON CORPORATION

R. NEVIN WATT – Vice-President in Charge of District Office Sales
EDDYSTONE, PENNSYLVANIA

SALES OFFICES IN THE UNITED STATES

CHICAGO 4, ILL.....	627 Railway Exchange Building
CLEVELAND 13, OHIO.....	2507 Terminal Tower Building
DALLAS 2, TEXAS.....	1805 N. Industrial Boulevard
DETROIT 2, MICHIGAN.....	425 Curtis Building
HOUSTON 2, TEXAS.....	1817 Second National Bank Building
LOS ANGELES 14, CALIF.....	999 Pacific Electric Building
MEMPHIS 3, TENNESSEE.....	79 McCall Street
MINNEAPOLIS 2, MINNESOTA.....	1120 Foshay Tower
NEW YORK 17, N. Y.....	60 E. 42nd Street
PITTSBURGH 19, PA.....	643 Union Trust Building
SAN FRANCISCO 10, CALIF.....	2929 Nineteenth Street
ST. LOUIS 3, MO.....	514 Shell Building
SEATTLE 4, WASHINGTON.....	1932 First Avenue, South
WASHINGTON 5, D. C.....	642 Wyatt Building

CHARLES A. CAMPBELL – Assistant Vice-President—Export Sales
EDDYSTONE, PENNSYLVANIA

The Company has sales agents or technical representatives
in most countries of the world.

DIVISIONS AND SUBSIDIARIES

EDDYSTONE DIVISION

JAMES R. WEAVER, Vice-President in Charge of Manufacturing
JOHN S. NEWTON, Vice-President in Charge of Engineering
RAYMOND B. CREAN, Vice-President in Charge of Apparatus Sales
WM. S. Y. HOWARD, Asst. Secretary and Asst. Treasurer
THOMAS E. MCFALLS, Asst. Secretary and Asst. Treasurer

LOCOMOTIVES
STEAM ELECTRIC DIESEL
STEAM BOILERS WELDED TANKS PLATE FABRICATION
ORDNANCE MATERIEL
DIESEL ENGINES FOR MARINE AND OTHER USES
WATER POWER TURBINES HYDRAULIC PRESS MACHINERY
TESTING MACHINES SPECIAL MACHINERY
RAILWAY DUMP CARS
IRON, BRASS AND BRONZE CASTINGS
PARSON'S WHITE BRASS AND BABBITT METAL INGOTS
PLANT AT BALDWIN
EDDYSTONE, PENNSYLVANIA

LIMA-HAMILTON DIVISION

WALTER A. RENTSCHLER, Vice-President in Charge of
Lima-Hamilton Division
H. F. BARNHART, Vice-President
A. A. BYERLEIN, Vice-President
C. T. ZIEGLER, Vice-President
PERRY A. WHITE, Controller
J. F. CONNAUGHTON, Assistant Secretary
ORIN J. GREIWE, Assistant Secretary and Assistant Treasurer
J. W. LLEWELLYN, Assistant Secretary and Assistant Treasurer

POWER SHOVELS CRANES DRAG LINES
PULL SHOVELS
FORMING AND STAMPING PRESSES
INDUSTRIAL AND RAILROAD MACHINE TOOLS
HAMILTON DIESEL ENGINES CORLISS ENGINES
STEAM MARINE ENGINES GAS ENGINES
CANE MILLING MACHINERY
HAMILTON-KRUSE CAN MAKING MACHINERY
HEAVY FORGINGS AND CASTINGS
WELDMENTS STEAM BOILERS

PLANTS
LIMA, HAMILTON AND MIDDLETOWN, OHIO

STANDARD STEEL WORKS DIVISION

JOHN D. TYSON

Vice-President in Charge of Standard Steel Works Division

EDWIN W. THOMAS

Works Manager

CHARLES A. SHENBERGER

Sales Manager

CHARLES EDWARDS

Assistant Secretary and Assistant Treasurer

STEEL FORGINGS

STEEL CASTINGS

STEEL TIRES

WROUGHT STEEL WHEELS

STEEL SPRINGS

WELDLESS RINGS

PLANT

BURNHAM, MIFFLIN COUNTY

PENNSYLVANIA

AUSTIN-WESTERN COMPANY

Incorporated under the Laws of the State of Illinois

OFFICERS

McCLURE KELLEY, President

RALPH K. STILES, Executive Vice-President

H. B. BUSHNELL, Vice-President in Charge of Labor Relations

J. W. CHAPMAN, Treasurer and Assistant Secretary

CHARLES E. ACKER, Secretary

C. M. LIPPINCOTT, Controller

ROAD GRADERS

HYDRAULIC CRANES

ROCK CRUSHING EQUIPMENT

ROAD ROLLERS

STREET SWEEPERS

PLANT

AURORA, ILLINOIS

THE PELTON WATER WHEEL COMPANY

Incorporated under the Laws of the State of California

OFFICERS

MARVIN W. SMITH, President

WILLIAM F. BOYLE

Vice-President and General Manager

CHARLES E. ACKER, Secretary and Treasurer

C. GLENN CRAWFORD, Manager, Sales-Service

ROBERT L. WOLTZ

Assistant Secretary and Assistant Treasurer

WATER POWER TURBINES AND GOVERNORS

BUTTERFLY, SPHERICAL AND CONE VALVES

SURGE SUPPRESSORS AND WATER WORKS VALVES

HYDRAULIC AND MECHANICAL OIL WELL PUMPING JACKS

**MARINE VALVES, STEERING GEAR, AIRCRAFT ARRESTING GEAR
AND ANCHOR WINDLASSES**

PLANTS

SAN FRANCISCO AND LOS ANGELES, CALIFORNIA

THE WHITCOMB LOCOMOTIVE COMPANY

Incorporated under the Laws of the State of Delaware

OFFICERS

MARVIN W. SMITH, President

CHARLES E. ACKER, Secretary and Treasurer

HENRY P. LOCKHART, General Manager

EMMERT P. STOVER

Assistant Secretary and Assistant Treasurer

LOCOMOTIVES

FOR

INDUSTRIAL AND RAILWAY SERVICES

PLANT

ROCHELLE, ILLINOIS

BALDWIN-LIMA-HAMILTON SALES CORPORATION

Incorporated under the Laws of the State of New York

OFFICERS

MARVIN W. SMITH, President

ROBERT F. DOOLITTLE, Vice-President

CHARLES E. ACKER, Secretary and Treasurer

DIESEL ENGINES

FOR MARINE AND OTHER USES



ILLUSTRATIONS

Opposite page — *Austin-Western "Master 99" motor grader.*

Back cover — *Baldwin 4800-hp. diesel-electric road freight locomotive built for the New York Central System.*



